



**Maryland Department of Transportation
Office of Minority Business Enterprise**

What is Personal Net Worth?

In order to further its compliance with current constitutional standards, the Maryland Minority Business Enterprise (MBE) Program has a personal net worth (PNW) limit for the socially and economically disadvantaged owners of firms seeking certification. The PNW cap is adjusted annually for inflation according to the Consumer Price Index. The 2011 PNW cap for all certification decisions rendered for the MBE Program between January 1, 2011 and December 31, 2011 is \$1,530,562.

A PNW cap also applies to socially and economically disadvantaged owners of firms seeking certification in the federal Disadvantaged Business Enterprise (DBE) program. The PNW cap for all certification decisions rendered for the DBE Program is \$1,320,000.

PNW is defined as “the net value of the assets of an individual remaining after total liabilities are deducted” and “includes the individual’s share of assets held jointly or as community property with the individual’s spouse.” Md. Code Ann., State Fin. & Proc. Article §14-301(g).

By law, PNW calculations do NOT include:

1. an individual’s **ownership interest in the applicant business** or, for the State MBE Program, any other certified minority business enterprise;
2. an individual’s equity in his or her **primary place of residence**; or
3. up to \$500,000 of the cash value of any qualified retirement savings plans or individual retirement accounts.

PNW calculations do include, *for example*:

1. Cash on hand and in banks
2. Current market value of stocks and bonds less any tax or interest penalties resulting from immediate withdrawal (see #1 below)
3. Current market value of any rental properties, vacation properties and commercial properties
4. Other personal property such as boats, trailers, jewelry, artwork and collectibles

Because PNW equals assets MINUS liabilities, the following is also considered when calculating an individual’s PNW:

1. Only the present value of any assets held in retirement savings (excepting the first \$500,000 of the present value as noted above) or investment programs is included, less

the tax and interest penalties that would accrue if the asset were distributed at the present time.

2. Fair market value of all real estate holdings are reduced by any mortgages held on those properties.
3. Fair market value of any automobiles held is reduced by the debt owned on any corresponding auto installment accounts.
4. Only the cash surrender value of life insurance policies is included; face value or the amount a beneficiary would receive upon an applicant's death is not. Also, cash surrender value is reduced by any loans that have been taken against the policy.